

INFORMATION FOR THE GOVERNOR'S WORKING GROUP ON

# HIGHWAY FUNDING



# TABLE OF CONTENTS

## STATUS OF STATE HIGHWAY FUNDING

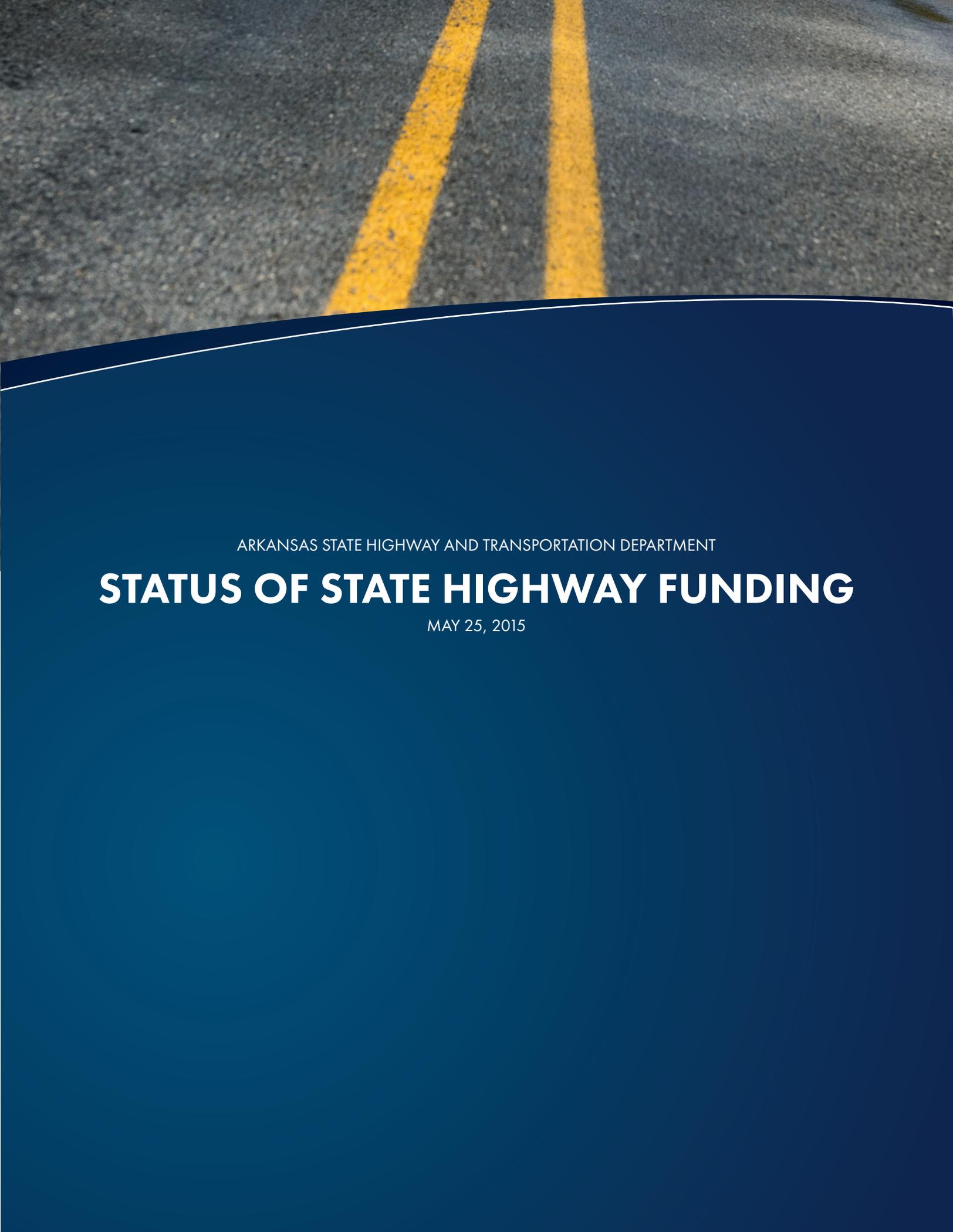
CURRENT NEEDS ANALYSIS .....	1
STATE FUNDING ANALYSIS.....	2
LOSS OF PURCHASING POWER .....	3
COMPARISON OF GENERAL REVENUE VERSUS HIGHWAY REVENUE .....	3
BLUE RIBBON COMMITTEE FINDINGS.....	4
REVENUE MENU + \$300 M/YEAR REVENUE GENERATING OPTIONS .....	6

## LIST OF ATTACHMENTS

ATTACHMENT 1 (TOTAL REMAINING 100% STATE FUNDS FOR ADDITIONAL HIGHWAY PROJECTS).....	8
ATTACHMENT 2 (REVENUE VS. EXPENSES PLUS STATE MATCH FOR FEDERAL FUNDS) .....	9
ATTACHMENT 3 (STATE FUNDING ANALYSIS).....	10
ATTACHMENT 4 (REMAINING FOR 100% STATE FUNDED OVERLAY PROGRAMS) .....	11
ATTACHMENT 5 (ANNUAL REVENUE GENERATED PER VEHICLE) .....	12
ATTACHMENT 6 (TRAVEL TRENDS) .....	13
ATTACHMENT 7 (SIGNIFICANT LOSS OF PURCHASING POWER).....	14
ATTACHMENT 8 (THE SHRINKING HIGHWAY DOLLAR - \$10,000,000 OVERLAY PROGRAM) .....	15
ATTACHMENT 9 (THE SHRINKING HIGHWAY DOLLAR - \$25,000,000 BRIDGE PROGRAM).....	16
ATTACHMENT 10 (THE SHRINKING HIGHWAY DOLLAR - \$100,000,000 WIDENING PROGRAM).....	17
ATTACHMENT 11 (ARKANSAS STATE GENERAL REVENUES VS. AHTD NET HIGHWAY REVENUES) .....	18
ATTACHMENT 12 (STATE REVENUE SOURCES) .....	19
ATTACHMENT 13 (STRATEGIES TO SUSTAIN/INCREASE STATE REVENUE) .....	20

## SUPPLEMENTAL INFORMATION

TRAVEL TRENDS .....	22
MOTOR FUEL CONSUMPTION VS. VEHICLE MILES TRAVELED .....	23
REVENUE GENERATED PER VEHICLE VS. VEHICLE MILES TRAVELED .....	24
STATE MOTOR FUEL TAX AND VEHICLE REGISTRATION FEE REVENUE GENERATED VS. NUMBER OF REGISTERED VEHICLES .....	25



ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

# **STATUS OF STATE HIGHWAY FUNDING**

MAY 25, 2015

# CURRENT NEEDS ANALYSIS

AHTD recently updated our needs study. The results are shown in the following table.

<b>IMPROVEMENTS VS REVENUES</b>	
<b>10 YEAR PROJECTION</b>	
(x \$1 million) (Revenue and Needs are in 2014 Dollars)	
<b>ESTIMATED FEDERAL-AID AND STATE REVENUE</b>	<b>\$ 3,555</b>
<b>NEEDS</b>	<b>AMOUNT</b>
PAVEMENT	\$ 3,060
BRIDGES	\$ 1,102
CAPACITY	\$ 2,880
SAFETY	\$ 700
EQUIPMENT	\$ 180
FACILITIES	\$ 62
INTELLIGENT TRANSPORTATION SYSTEMS	\$ 27
<b>SUB-TOTAL</b>	<b>\$ 8,011</b>
<b>CAPITAL IMPROVEMENT</b>	<b>AMOUNT</b>
FOUR LANE GRID SYSTEM	\$ 11,300
NEW LOCATION / NEW OR MODIFIED INTERCHANGES	\$ 820
OTHER MAJOR WIDENING	\$ 230
<b>SUB-TOTAL</b>	<b>\$ 12,350</b>
<b>GRAND TOTAL</b>	<b>\$ 20,361</b>
<b>SHORTFALL</b>	<b>\$ (16,806)</b>

# STATE FUNDING ANALYSIS

An evaluation of factors contributing to this shortfall in funds was conducted. Data from 1993 (the last time the Federal motor fuel tax was raised) to 2014 was compiled and analyzed. The results are as follows:

	Percent Increase	See Attachment
Revenue	63%	1 and 2
Expenses	83%	1 and 2
Construction Cost Index	181%	1
Consumer Price Index	64%	1

We also projected State fund needs through 2020. The results revealed the following:

- Beginning in 2013, after Expenses and matching Federal funds, we no longer have State funding available for 100% State Annual Overlay Program or projects. This is notable because of the loss in flexibility in implementing projects if only Federal funds are available. This trend continues through 2020 and beyond without additional State funding (see Attachments 1 and 2).
- At this point we are using our cash reserves to continue matching Federal funds. However, our balance of reserves will continue to decline steadily over time and eventually we will be unable to match Federal funds (see Attachments 3 and 4). Since we cannot project the amount of Federal funds Arkansas will receive in the future, we did not project growth in Federal funds through 2020, and thus the amount of State funds needed to match Federal funds did not increase. If Congress enacts new transportation legislation that increases the amount of funding distributed to the States, this inability to match Federal funds will be accelerated.
- If AHTD is unable to match Federal funds, Federal tax dollars collected in Arkansas will be redistributed to other states.

An analysis of revenue versus road user trends was conducted for fiscal years 1993-2014. Upon review of this analysis, it was made apparent that trends began to change in 2007. As shown in Attachments 5 and 6, the results revealed the following:

Category	1993-2014	1993-2007	2007-2014
Motor Fuel Tax + Vehicle Registration Fee Revenue	Increased 43%	Increased 53%	Decreased 7%
Number of Motor Vehicles and Semi-Trailers Registered	Increased 50%	Increased 35%	Increased 11%
Revenue Generated Per Vehicle	Decreased 5%	Increased 13%	Decreased 16%
Motor Fuel Consumption	Increased 21%	Increased 27%	Decreased 5%
Annual Vehicle Miles Traveled	Increased 36%	Increased 29%	Increased 5%

# LOSS OF PURCHASING POWER

The Federal motor fuel tax has not been raised since 1993. As shown in Attachment 7, the price of other commodities such as college tuition, gas, a movie ticket, etc. has changed significantly from 1993 to 2010. This report was generated by the American Association of State Highway and Transportation Officials (AASHTO) to emphasize the significant loss of purchasing power of highway revenue since 1993.

As a comparison, since 1993 Arkansas motor fuel taxes have increased:

- Gas - 16%
- Diesel - 22%

AHTD has tracked the cost for pavement overlays, bridge rehabilitation/replacement and major widening projects from 1993 to 2014. The results are significant and emphasize the “shrinking highway dollar”.

Category	1993-2014
Construction Cost Index	Increased 181%
Miles of Overlays with \$10 M	Decreased 70%
Number of Bridges Rehabilitated/Replaced with \$25 M	Decreased 62%
Miles of Major Widening with \$100 M	Decreased 59%

See Attachments 8, 9 and 10.

## COMPARISON OF GENERAL REVENUE VERSES HIGHWAY REVENUE

Since the primary source of highway funding is a flat tax per gallon of motor fuel, revenues remain relatively flat when compared to the State’s General Revenue.

See Attachment 11.

# BLUE RIBBON COMMITTEE FINDINGS

*The following information was taken from the Blue Ribbon Committee Report published in December 2010.*

There are many factors that are contributing to Arkansas's road funding dilemma. The most obvious is the fact that 70% (now 65% - Fuel Tax + Registration Fees = 85%) of our highway, road and street funding comes from a consumption-based tax, while it is a national goal to reduce consumption. The trend of stagnant to declining road-user revenues, combined with the trend of increasing vehicle miles traveled and increasing fuel efficiency, is simply a losing proposition. We're moving backwards. Add double-digit inflation in the construction industry to the mix and the problem compounds even further. Failure to address these issues will mean further declines in road conditions and safety for our motorists and will keep Arkansas at a competitive disadvantage in the regional and national marketplace.

## **Funding Recommendations:**

- **A 10-year phased-in transfer of the sales tax that is currently collected on the sale of new and used vehicles, tires, batteries, and vehicle parts and services** – *moving these road-user revenues to the Highway Fund strengthens the road-user based support of improvements to highways, roads and streets, and is currently being done by several other states; phasing it in over 10 years will minimize or negate the negative impact to our state's general revenues.*
- **Indexing the current per-gallon tax on motor fuels to Arkansas's Highway Construction Cost Index** – *per-gallon motor fuel taxes are an equitable but declining revenue source due to the combination of inflation, conservation, greater fuel efficiency, technology (hybrid and electric vehicles), and the increasing cost of fuel; indexing to Arkansas's Highway Construction Cost Index provides elasticity to this major revenue source.*
- **Allowing the citizens to vote on a temporary 10-year, ½-cent general sales tax dedicated to a statewide, bond-financed highway improvement program** – *Arkansas has many immediate roadway needs, some with high estimated costs, and the citizens expect to see quick results; this temporary, results-oriented mechanism can help address immediate needs in a timely manner.*
- **Implementing a new excise tax on the wholesale price of motor fuels** – *this percentage-based levy, used by many states, provides a new revenue stream and, with its elasticity, a better hedge against inflation than consumption-based sources.*
- **Authorizing, by public vote, the reissuance of GARVEE bonds to improve our Interstates using the revenue stream already in place for that purpose** – *allowing the same mechanism that was used ten years ago to improve our Interstates from being some of the*

worst in the country to being among the best; additional improvements are needed, but no additional revenue and no new taxes are needed, just a vote of the people.

- **Modifying funding for the current State Aid County Road Program and creating a new State Aid City Street Program** – continuing dedicated funding for the successful State Aid program for counties, creating a mirror-image, equally-funded program for city streets, and providing revenue growth for these programs through indexing to the Arkansas Highway Construction Cost Index.

#### Other Recommended Legislation:

- **Requiring annual reporting on the use of City and County turnback funds** – greater accountability, similar to what is required for the State Aid program, is needed regarding the use of these funds.
- **Requiring a county minimum tax effort before a county or cities within that county can receive additional highway turnback funds** – this would require counties to levy a minimum road tax on themselves before being allowed to share in the growth of highway turnback funds paid by others.
- **Referring a Constitutional Amendment to allow counties to raise the 3-mill limit on their road tax by a vote of the people** – counties should be allowed to levy a road tax of greater than 3 mills (which is the current cap) if the voters of that county approve it; this requires a Constitutional Amendment.
- **Modifying current laws for Regional Mobility Authorities and Multi-County Taxing Authorities** – counties within a Regional Mobility Authority need more latitude in their ability to generate revenue for local projects.

#### Other Study Recommendations

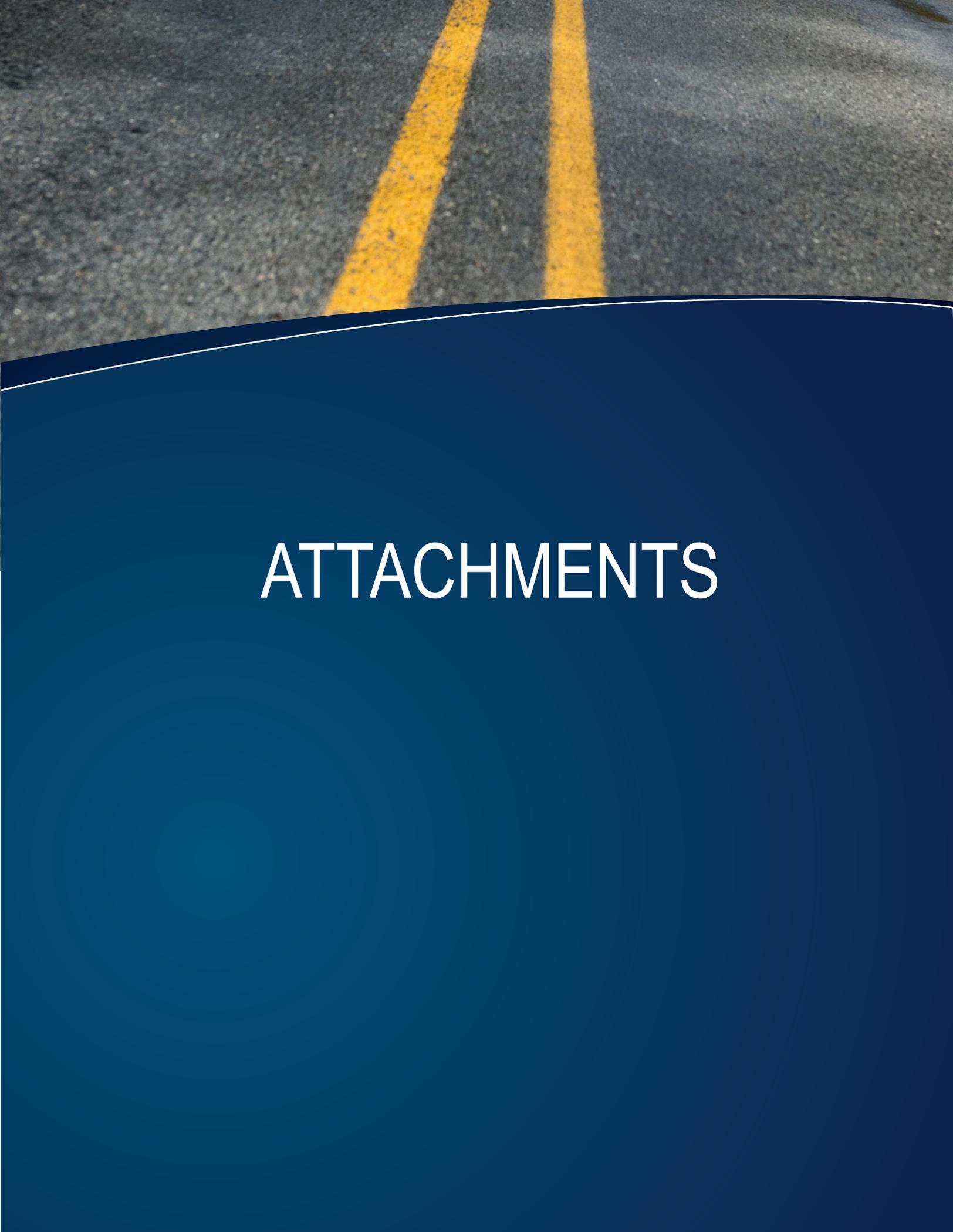
- **Heavy Truck Cost Allocation Study** – a study should be conducted to compare the revenue generated by and damage caused by heavy trucks to that of other vehicles to determine if all vehicle classes are paying their fair share.
- **Vehicle Registration and License Fee Study** – a study should be conducted to see how Arkansas compares to other states on this; is our system outdated and should it be simplified?
- **State Highway System Reduction Study** – a study should be conducted to determine if the State Highway System contains highways that should be turned over to local control, either city or county.
- **Study the possible creation of Regional Transportation Districts** – an interim study should be conducted to see what other states are doing on this, and to see if their creation may be applicable or beneficial in Arkansas.

### Further Monitoring and/or Studies Needed

- **Vehicle Miles Traveled (VMT) Tax** – *this revenue source based on miles traveled may become the predominant revenue generator in the future when the technology is fully developed and national standards are established.*
- **Public-Private Partnerships and Tolling** – *Arkansas should continue to monitor these financing tools and utilize when and where applicable.*

## **REVENUE MENU + \$300 M/YEAR REVENUE GENERATING OPTIONS**

See Attachments 12 and 13.



# ATTACHMENTS

ATTACHMENT 1

May 20, 2015 (DD&OO)

Arkansas State Highway and Transportation Department  
STATE FUNDING ANALYSIS  
Fiscal Years 1993 - 2020

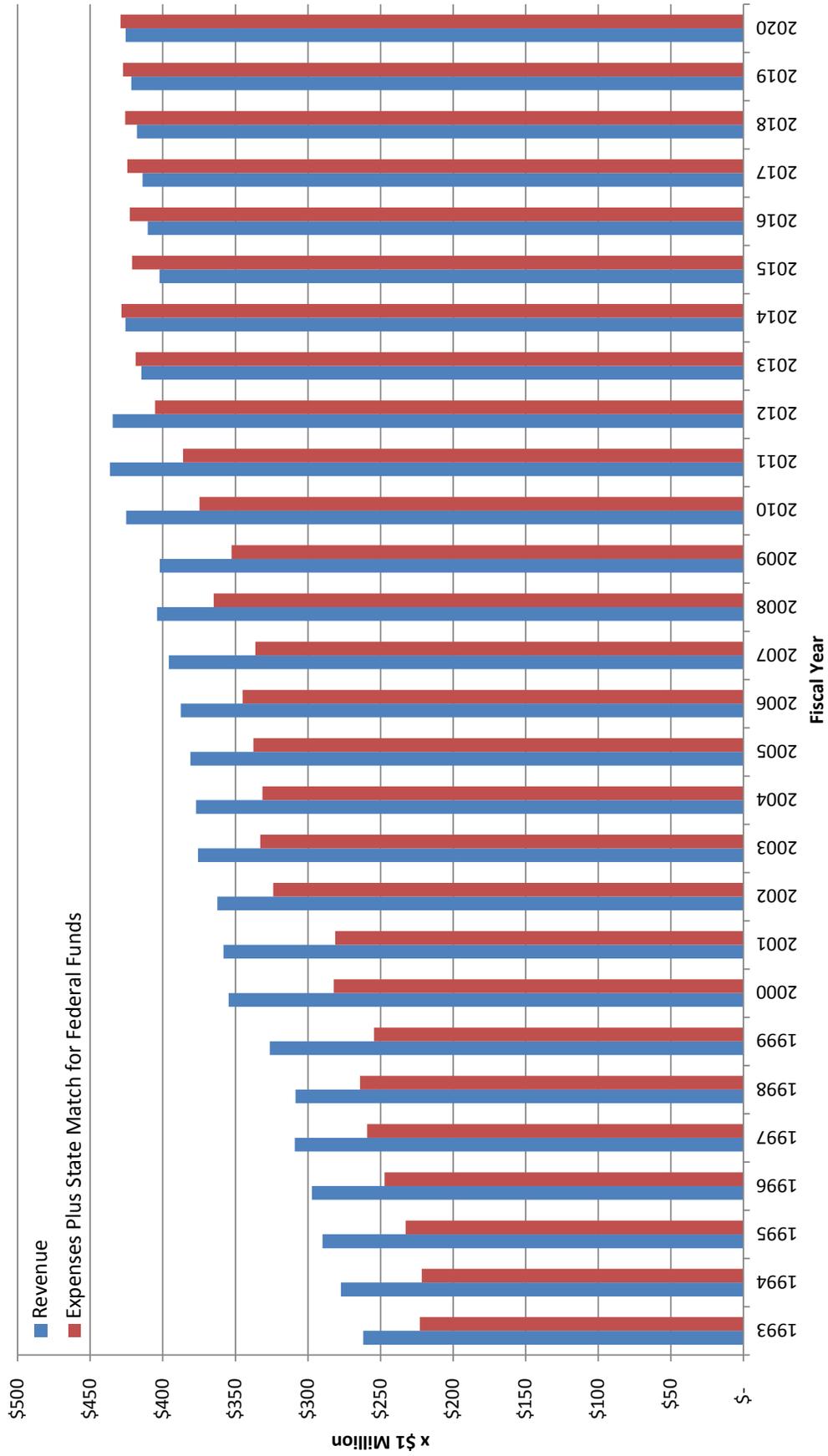
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		
<b>Revenue</b>																														
Motor Fuels and Registration Fees	\$ 262.0	\$ 277.2	\$ 290.0	\$ 297.2	\$ 303.1	\$ 308.5	\$ 326.3	\$ 346.8	\$ 342.6	\$ 346.8	\$ 359.9	\$ 361.0	\$ 364.5	\$ 369.9	\$ 378.0	\$ 385.9	\$ 379.0	\$ 381.4	\$ 399.6	\$ 384.3	\$ 366.2	\$ 360.7	\$ 353.8	\$ 356.4	\$ 362.2	\$ 360.0	\$ 361.8	\$ 363.6	\$ 365.1	
4¢ Diesel Tax - Committed to IRP								\$ 7.9	\$ 15.6	\$ 16.5	\$ 15.8	\$ 16.1	\$ 16.4	\$ 17.6	\$ 17.8	\$ 18.0	\$ 16.6	\$ 14.7	\$ 1.2	\$ 16.5	\$ 16.3	\$ 16.2	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
Natural Gas Severance Tax																														
TOTAL	\$ 262.0	\$ 277.2	\$ 290.0	\$ 297.2	\$ 303.1	\$ 308.5	\$ 326.3	\$ 364.7	\$ 358.2	\$ 362.3	\$ 375.7	\$ 377.1	\$ 380.9	\$ 387.5	\$ 395.8	\$ 403.9	\$ 402.1	\$ 425.2	\$ 436.4	\$ 434.5	\$ 418.8	\$ 425.7	\$ 402.3	\$ 410.4	\$ 414.0	\$ 417.8	\$ 421.7	\$ 425.6	\$ 427.1	
Percent Increase		6%	5%	3%	4%	0%	6%	9%	1%	1%	4%	0%	1%	2%	2%	0%	0%	6%	3%	0%	-5%	3%	63%							
<b>Expenses</b>																														
Maintenance	108.4	110.2	113.7	119.3	124.6	127.8	129.0	136.2	137.2	144.1	144.2	150.5	151.9	152.3	155.7	159.7	163.4	166.7	178.6	178.3	183.5	197.2	\$ 220.7	\$ 221.8	\$ 222.9	\$ 224.0	\$ 225.1	\$ 226.3	\$ 227.4	
Administration	12.8	13.0	13.8	13.2	13.8	13.1	13.9	15.2	14.8	16.2	16.7	16.9	17.3	17.6	17.9	17.7	18.6	18.7	19.3	19.5	20.6	21.2	\$ 21.7	\$ 21.8	\$ 21.9	\$ 22.0	\$ 22.1	\$ 22.2	\$ 22.3	
Operations	19.4	19.5	19.5	18.8	19.2	19.2	19.9	20.0	19.1	20.4	20.6	20.0	20.7	21.7	18.9	19.2	22.7	21.8	24.1	22.9	24.7	23.9	\$ 26.1	\$ 26.2	\$ 26.4	\$ 26.4	\$ 26.5	\$ 26.6	\$ 26.6	
Budgeted Construction w/o ROW	23.9	24.7	26.6	28.5	31.1	29.7	30.9	30.4	28.7	28.8	29.3	34.1	42.2	40.6	42.0	59.9	40.6	42.2	42.4	39.3	41.8	42.0	\$ 44.7	\$ 44.9	\$ 45.1	\$ 45.4	\$ 45.6	\$ 45.8	\$ 46.0	
Sub-Total (MAO and Budgeted Const.)	164.5	167.4	173.5	179.7	188.3	189.8	192.8	201.8	200.8	209.5	219.7	221.6	232.1	232.2	234.5	256.2	245.3	249.4	264.4	260.0	270.6	284.3	\$ 313.2	\$ 314.8	\$ 316.3	\$ 317.9	\$ 319.5	\$ 321.1	\$ 322.7	
Percent Increase		2%	4%	4%	5%	0%	2%	5%	0%	4%	0%	1%	5%	0%	1%	9%	-4%	2%	6%	-2%	4%	5%	83%							
IRP Debt Service								\$ 7.9	\$ 15.6	\$ 15.5	\$ 15.8	\$ 16.1	\$ 16.4	\$ 17.6	\$ 17.8	\$ 18.0	\$ 16.6	\$ 14.7	\$ 1.2	\$ 16.5	\$ 16.3	\$ 16.2	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	\$ 16.5	
TOTAL	\$ 164.5	\$ 167.4	\$ 173.5	\$ 179.7	\$ 188.3	\$ 189.8	\$ 192.8	\$ 209.6	\$ 216.4	\$ 225.0	\$ 235.5	\$ 237.7	\$ 248.5	\$ 249.8	\$ 252.2	\$ 274.2	\$ 261.9	\$ 264.1	\$ 265.7	\$ 276.6	\$ 286.9	\$ 300.5	\$ 329.7	\$ 331.3	\$ 332.8	\$ 334.4	\$ 336.0	\$ 337.6	\$ 339.2	

State Funds to Match Federal Aid - Actual	\$ (58.5)	\$ (64.1)	\$ (59.2)	\$ (67.6)	\$ (69.9)	\$ (74.2)	\$ (61.7)	\$ (72.6)	\$ (64.9)	\$ (98.9)	\$ (97.4)	\$ (93.7)	\$ (89.0)	\$ (95.2)	\$ (63.9)	\$ (90.7)	\$ (90.8)	\$ (110.7)	\$ (120.4)	\$ (128.7)	\$ (131.7)	\$ (127.9)								
State Funds to Match Federal Aid - Projected																														
Total Remaining 100% State Funds for Additional Highway Projects	\$ 39.0	\$ 55.7	\$ 57.3	\$ 50.0	\$ 49.8	\$ 44.5	\$ 71.9	\$ 72.5	\$ 77.0	\$ 38.5	\$ 42.8	\$ 45.7	\$ 43.4	\$ 42.5	\$ 59.6	\$ 38.9	\$ 49.5	\$ 50.4	\$ 50.3	\$ 29.2	\$ (9.8)	\$ (2.7)	\$ (18.9)	\$ (12.3)	\$ (10.3)	\$ (8.1)	\$ (6.8)	\$ (3.5)	\$ (1.5)	

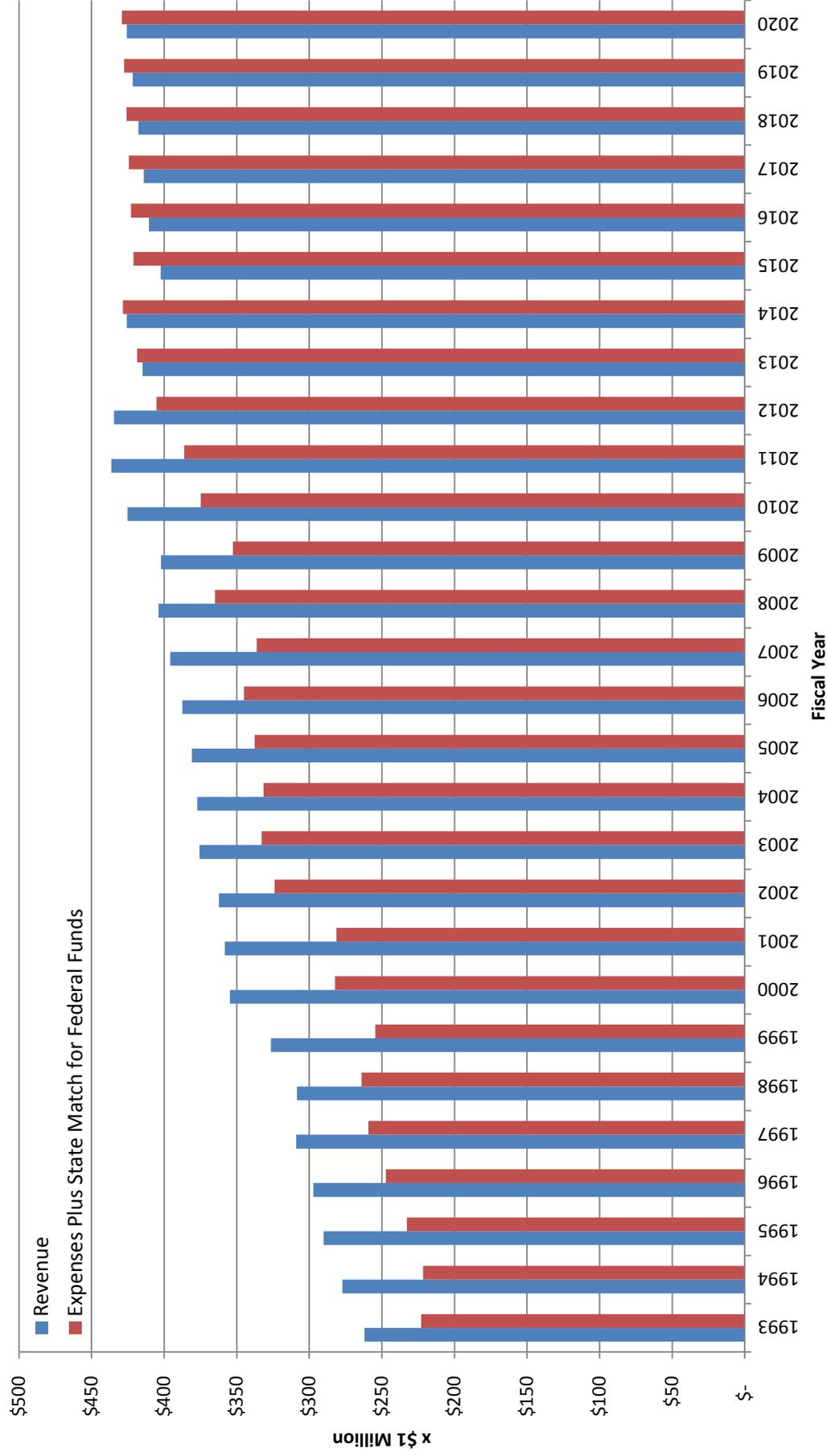
100% State Funded Overlay Program	\$ 21.9	\$ 20.7	\$ 32.1	\$ 32.7	\$ 32.3	\$ 21.3	\$ 32.0	\$ 32.0	\$ 35.2	\$ 30.5	\$ 28.9	\$ 37.2	\$ 35.9	\$ 20.1	\$ -	\$ -	\$ 56.6	\$ 48.2	\$ 49.0	\$ 49.8	\$ 48.5	\$ 27.0	\$ 4.9								
Fayetteville State																							\$ 4.9								
Total	\$ 21.9	\$ 20.7	\$ 32.1	\$ 32.7	\$ 32.3	\$ 21.3	\$ 32.0	\$ 32.0	\$ 35.2	\$ 30.5	\$ 28.9	\$ 37.2	\$ 35.9	\$ 20.1	\$ -	\$ -	\$ 56.6	\$ 48.2	\$ 49.0	\$ 49.8	\$ 48.5	\$ 27.0	\$ 4.9								
Construction Cost Index	98.5	104.3	106.4	112.8	123.6	123.2	134.4	140.9	148.2	167.0	156.2	140.0	181.9	232.7	223.4	278.3	220.7	237.6	237.5	262.7	280.1	280.1									
Percent Increase		5%	2%	6%	10%	0%	9%	5%	5%	13%	-6%	-10%	30%	-28%	-4%	25%	-21%	8%	0%	11%	7%	0%	181%								
Consumer Cost Index	144.5	148.2	152.4	156.9	160.5	163.0	166.6	172.2	177.1	179.9	184.0	189.9	195.3	201.6	207.3	215.3	214.5	218.1	224.9	229.6	233.0	236.7									
Percent Increase		3%	3%	3%	2%	2%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	0%	2%	3%	2%	1%	2%	64%								

Gas Tax Increase of 3¢ per Gallon phased in over 3 years beginning in FY 2000  
 Diesel Tax Increase of 4¢ per Gallon in over 2 years beginning in FY 2000  
 Natural Gas Severance Tax began collection in March of FY 2009  
 In 2010 the Department issued "Refunding Bonds" due to the interest rate savings. This resulted in the Diesel Tax for most of FY 2011 not being needed to repay the bonds.  
 The diesel tax was available for State jobs and matching funds during FY 2011.  
 FY 2013 - \$4 M in Diesel Revenue to General - Act 1058 of 2011 Effective Date July 1, 2012  
 FY 2013 - \$14 M to State Aid City Street Program - Tax diversion starting in December 2012  
 FY 2014 - IRP Registration Fee Increase - Act 1176 of 2013 Effective Date October 1, 2013

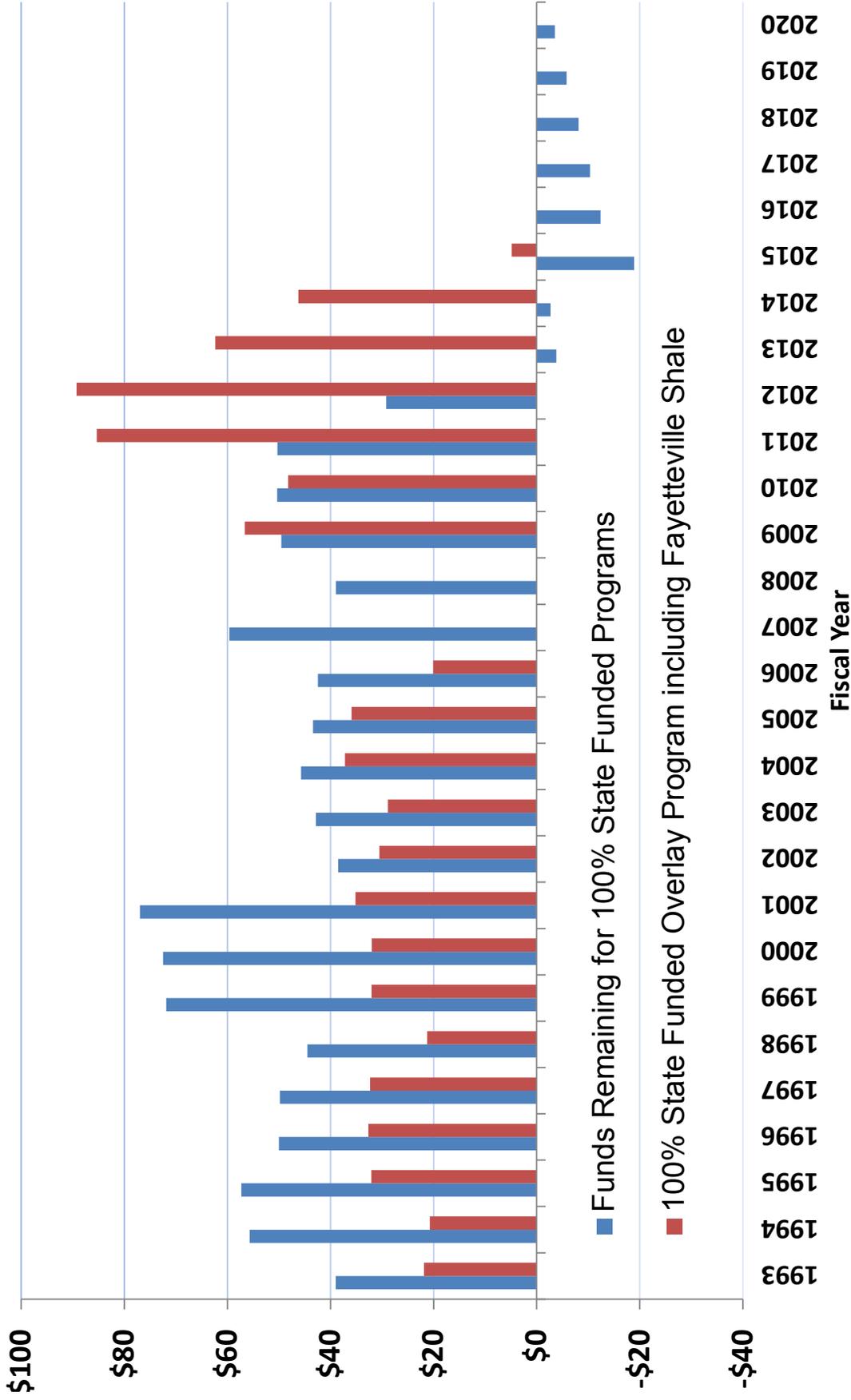
### Arkansas State Highway and Transportation Department REVENUE VERSUS EXPENSES PLUS STATE MATCH Fiscal Years 1993 - 2020



# Arkansas State Highway and Transportation Department STATE FUNDING ANALYSIS Fiscal Years 1993 - 2020



**Arkansas State Highway and Transportation Department  
REMAINING FOR 100% STATE FUNDED OVERLAY PROGRAMS  
Fiscal Years 1993 - 2020**



**Arkansas State Highway and Transportation Department  
ANNUAL REVENUE GENERATED PER VEHICLE  
Fiscal Years 1993 - 2014**

Year	Motor Fuel Revenue (x \$1 million)	Vehicle Registration Revenue (x \$1 million)	Total Gross Revenue (x \$1 million)	Net Core Revenue to AHTD (x \$1 million)	No. of Motor Vehicles and Semi-Trailers Registered (x 1 million)	Revenue per Vehicle	Motor Fuel Consumption Gallons (x 1 billion)	Annual Vehicle Miles Traveled (x 1 billion)
1993	\$303	\$80	\$383	\$251	1.81	\$212	1.64	25.05
1994	\$327	\$81	\$408	\$265	1.88	\$217	1.75	n/a
1995	\$339	\$83	\$422	\$274	1.95	\$216	1.80	25.77
1996	\$339	\$90	\$428	\$279	1.96	\$219	1.80	26.47
1997	\$361	\$88	\$448	\$291	1.97	\$228	1.91	26.87
1998	\$357	\$92	\$449	\$292	2.13	\$211	1.91	27.49
1999	\$374	\$98	\$472	\$309	2.19	\$216	1.99	27.96
2000	\$410	\$104	\$514	\$335	2.20	\$233	1.99	28.32
2001	\$424	\$97	\$521	\$337	2.22	\$234	1.96	28.46
2002	\$438	\$95	\$533	\$343	2.25	\$236	1.98	29.18
2003	\$442	\$114	\$556	\$361	2.29	\$243	2.01	29.83
2004	\$458	\$104	\$562	\$360	2.33	\$241	2.05	30.98
2005	\$456	\$110	\$566	\$362	2.39	\$237	2.04	31.33
2006	\$465	\$111	\$576	\$367	2.43	\$237	2.06	32.01
2007	\$475	\$113	\$588	\$372	2.45	\$240	2.09	32.39
2008	\$470	\$113	\$583	\$370	2.50	\$233	2.07	32.53
2009	\$455	\$112	\$567	\$366	2.52	\$225	2.02	33.16
2010	\$456	\$112	\$568	\$367	2.54	\$223	2.01	33.50
2011	\$446	\$113	\$559	\$370	2.56	\$219	2.04	32.96
2012	\$444	\$118	\$563	\$373	2.58	\$218	2.03	33.46
2013	\$431	\$117	\$548	\$354	2.72	\$202	2.00	33.49
2014	\$431	\$118	\$549	\$351	n/a	n/a	1.98	34.01
1993-2014	42%	48%	43%	40%	50%	-5%	21%	36%
1993-2007	57%	41%	53%	48%	35%	13%	27%	29%
2007-2014	-9%	5%	-7%	-6%	11%	-16%	-5%	5%

Gas Tax Increase of 3¢ per Gallon phased in over 3 years beginning in FY 2000

Diesel Tax Increase of 4¢ per Gallon in over 2 years beginning in FY 2000

Natural Gas Severance Tax began collection in March of FY 2009

In 2010 the Department issued "Refunding Bonds" due to the interest rate savings. This resulted in the Diesel Tax for most of FY 2011 not being needed to repay the bonds.

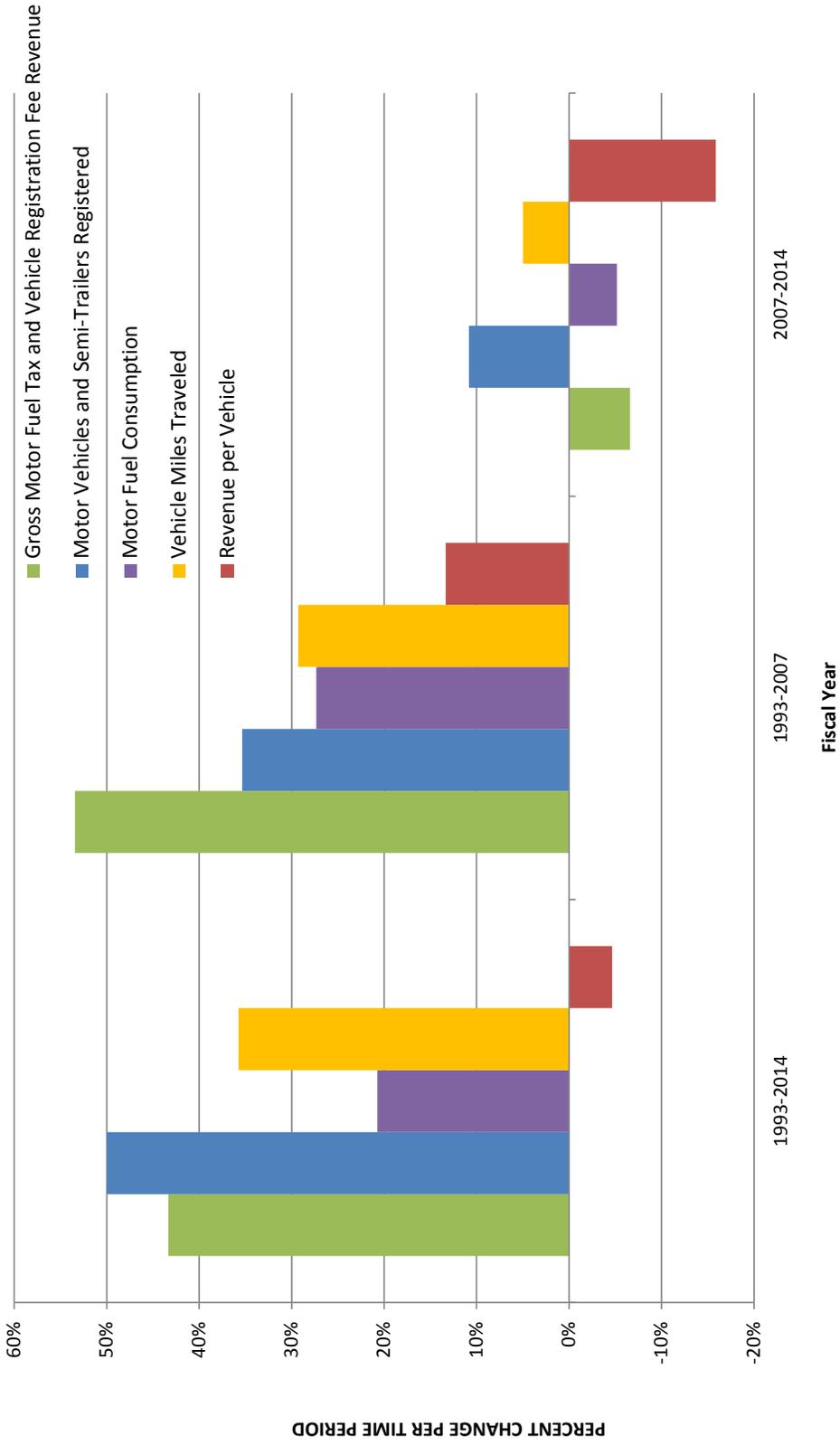
The diesel tax was available for State jobs and matching funds during FY 2011.

FY 2013 - \$4 M in Diesel Revenue to General - Act 1058 of 2011 Effective Date July 1, 2012

FY 2013 - \$14 M to State Aid City Street Program - Tax diversion starting in December 2012

FY 2014 - IRP Registration Fee Increase - Act 1176 of 2013 Effective Date October 1, 2013

## Arkansas State Highway and Transportation Department TRAVEL TRENDS Fiscal Years 1993 - 2014



# SIGNIFICANT LOSS OF PURCHASING POWER

## Sample of Nominal Prices Relative to Federal Gas Tax, 1993 and 2010

ITEM	UNIT/DESCRIPTION	1993	2010	PERCENT CHANGE
<b>College Tuition</b>	Average Tuition and Required Fees	\$ 3,517	\$ 9,136	<b>160%</b>
<b>Gas</b>	Per Gallon	\$ 1.12	\$ 2.73	<b>144%</b>
<b>Movie Ticket</b>	Average Ticket Price	\$ 4.14	\$ 7.89	<b>91%</b>
<b>House</b>	Median Price	\$ 126,500	\$ 221,800	<b>75%</b>
<b>Bread</b>	Per Pound	\$ 1.08	\$ 1.76	<b>62%</b>
<b>Income</b>	Median Household	\$ 31,272	\$ 49,167	<b>57%</b>
<b>Stamp</b>	One First-class Stamp	\$ 0.29	\$ 0.44	<b>52%</b>
<b>Beef</b>	Per Pound of Ground Beef	\$ 1.57	\$ 2.28	<b>46%</b>
<b>Car</b>	Average New Car	\$ 19,200	\$ 26,850	<b>40%</b>
<b>Federal Gas Tax</b>	<b>Per Gallon</b>	<b>\$ 0.184</b>	<b>\$ 0.184</b>	<b>0%</b>

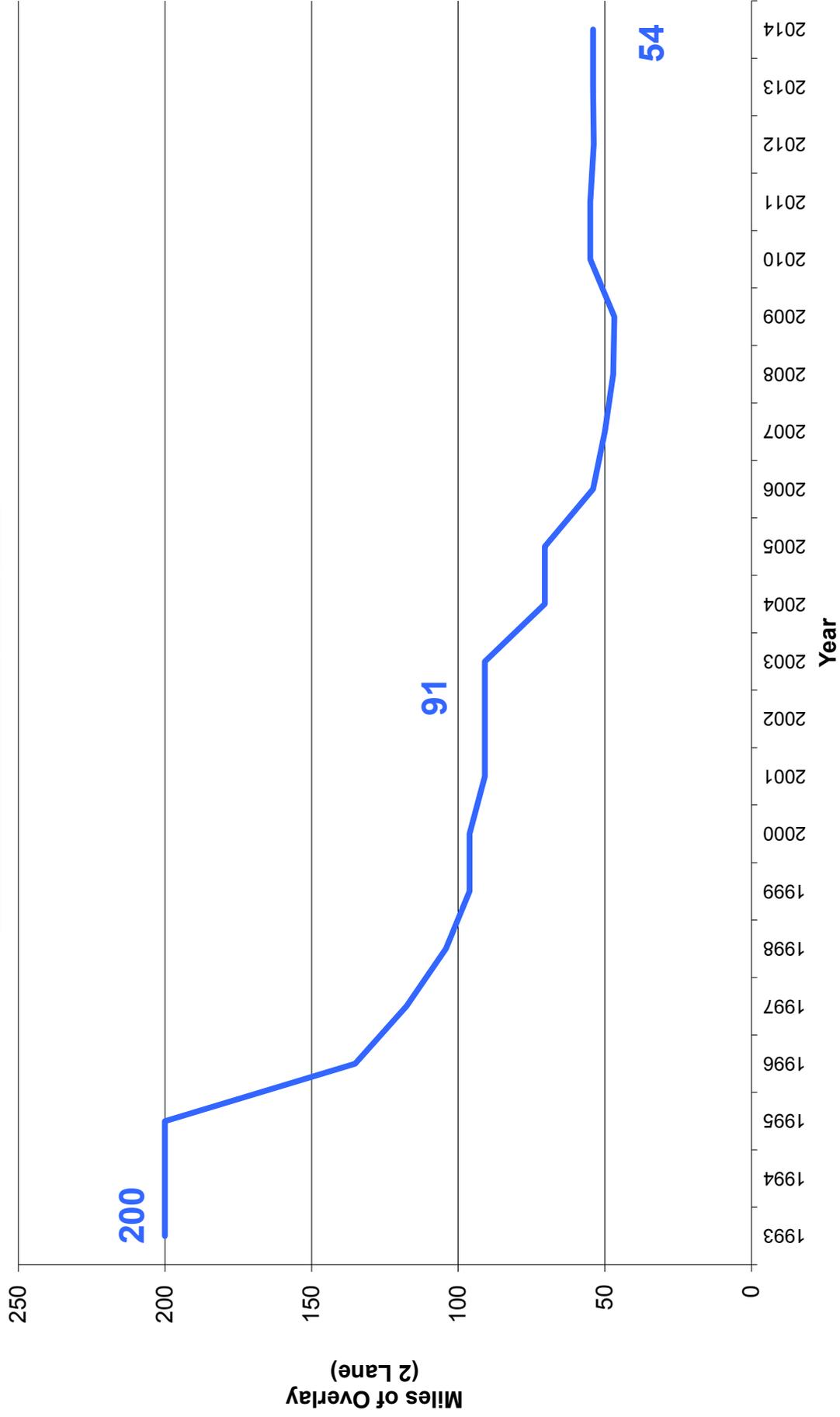
Sources: U.S. Census Bureau, U.S. Department of Transportation, U.S. Postal Service, U.S. Department of Commerce, U.S. Department of Education, National Association of Theater Owners



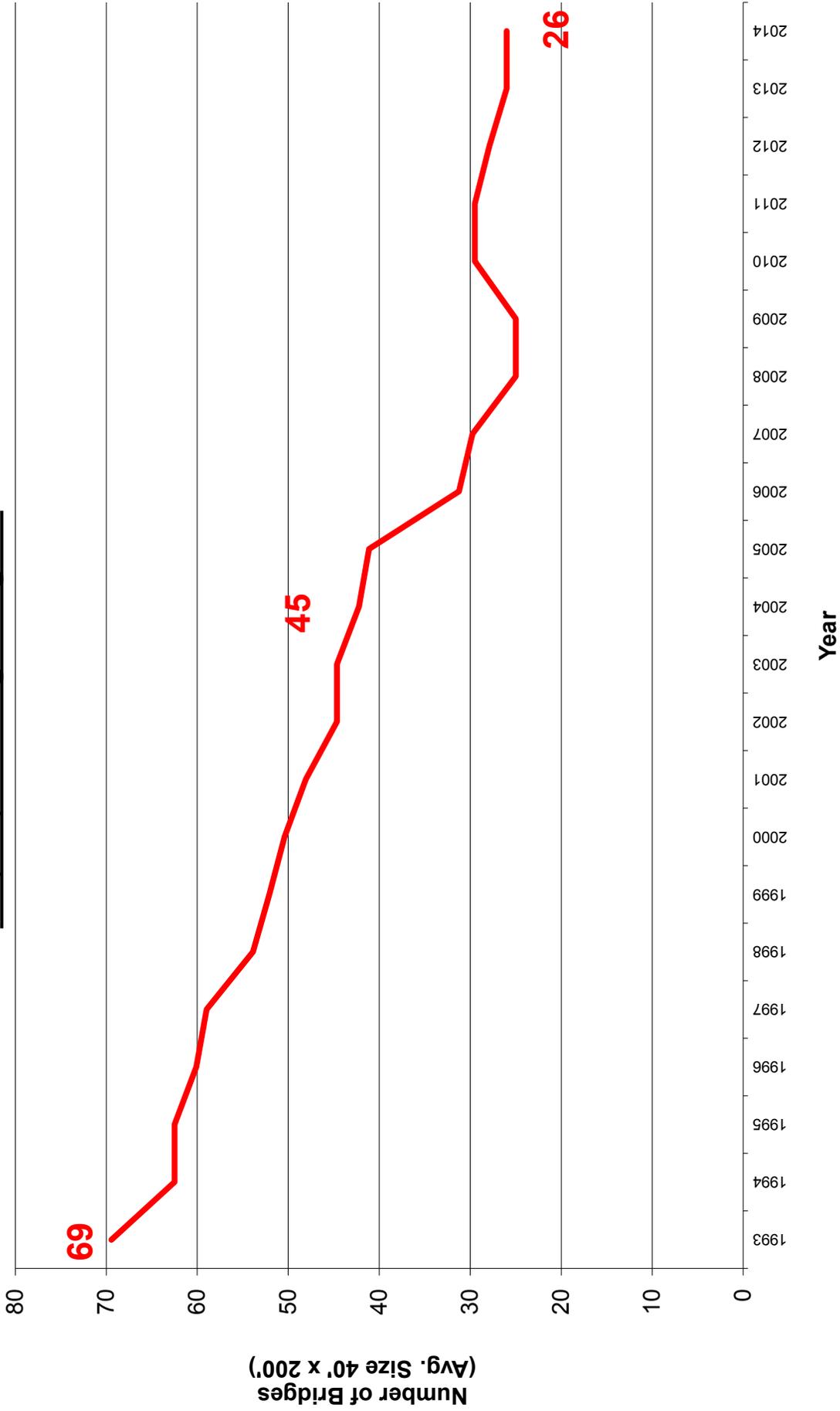
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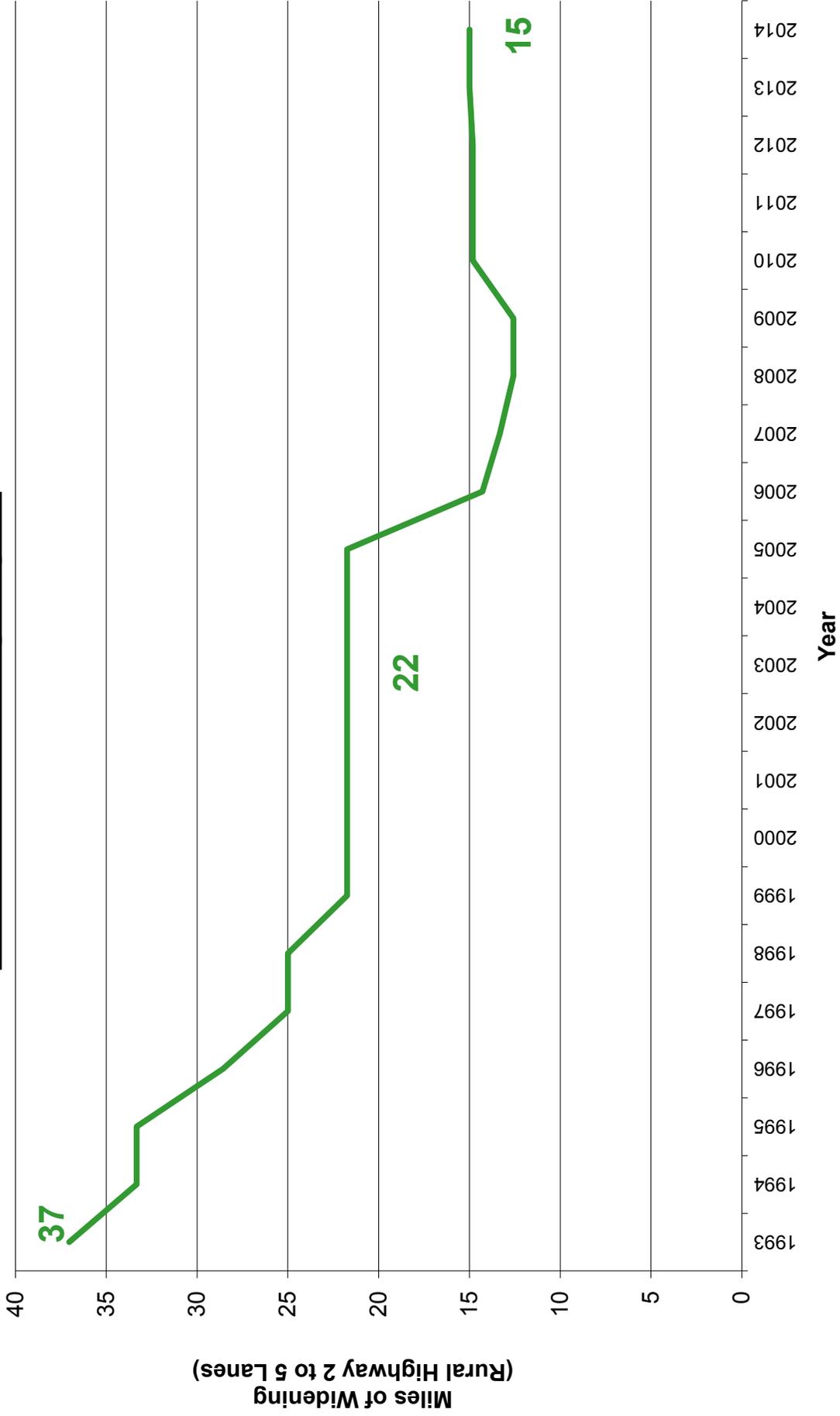
**"The Shrinking Highway Dollar"**  
**\$10,000,000 Overlay Program**



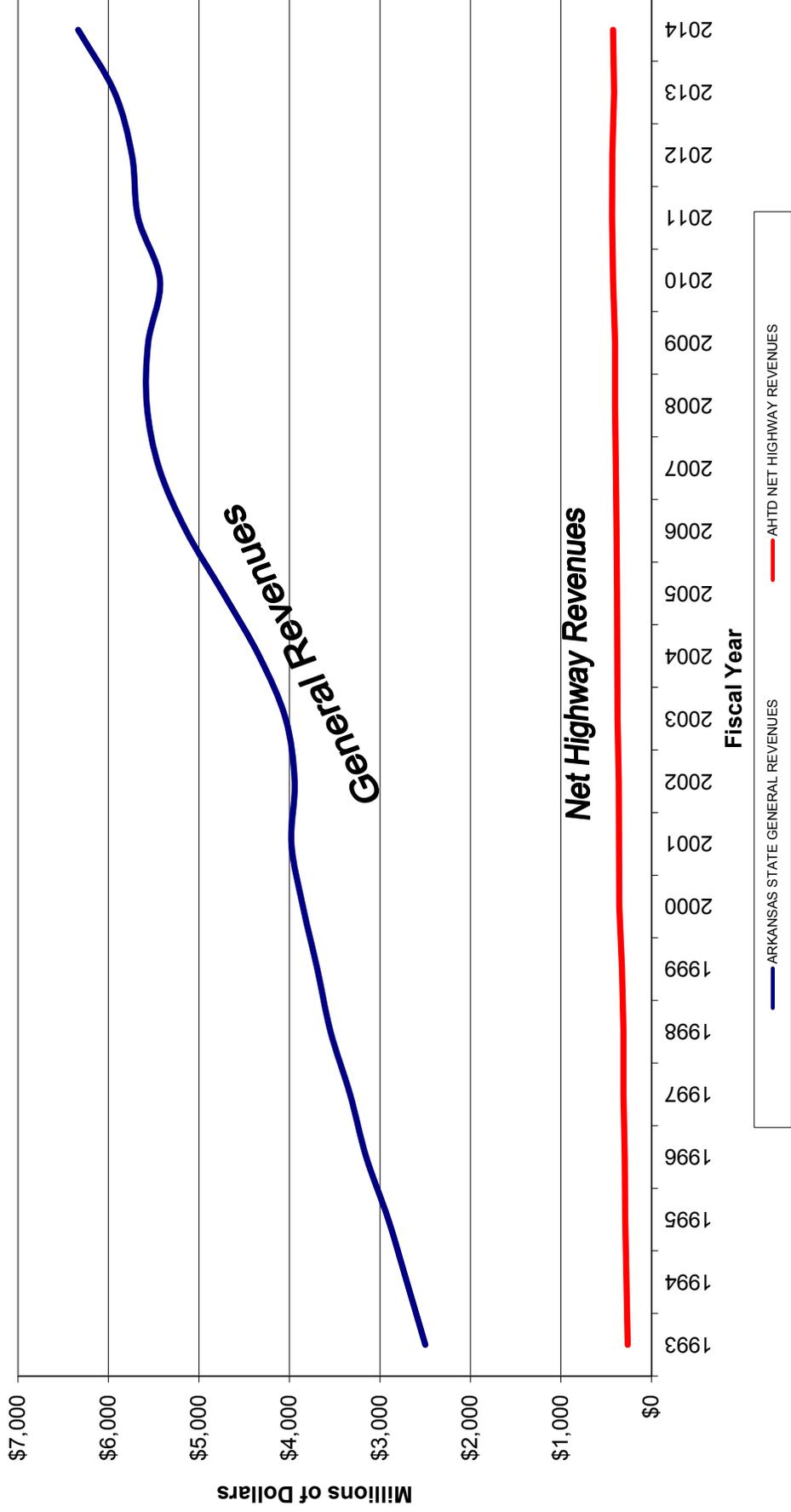
**"The Shrinking Highway Dollar"  
\$25,000,000 Bridge Program**



**"The Shrinking Highway Dollar"  
\$100,000,000 Widening Program**



## Arkansas State General Revenues vs AHTD Net Highway Revenues



Excludes County & City Aid funds  
 Excludes CAP funds  
 Prepared by: Transportation Planning and Policy, 4/2/2015

**ESTIMATES FOR PLANNING PURPOSES ONLY**  
**FISCAL YEAR 2013 -- STATE REVENUE SOURCES**

(in millions of dollars based on SFY 2013)

	TOTAL STATE REVENUE	NET REVENUE AMOUNT <sup>1</sup>	YEARLY AMOUNT TO AHTD (70%)	YEARLY AMOUNT TO CITIES <sup>2</sup> (15%)	YEARLY AMOUNT TO COUNTIES <sup>3</sup> (15%)
<b>CURRENT SOURCES TO AHTD, CITIES, AND COUNTIES</b>					
<b>A. Motor Fuels Revenue</b> <sup>4</sup>	<b>400.96 M</b>	<b>387.73 M</b>	<b>271.41 M</b>	<b>58.16 M</b>	<b>58.16 M</b>
Gasoline (21.5¢ per gallon)	279.59 M	270.36 M	189.25 M	40.55 M	40.55 M
Diesel (22.5¢ per gallon)	121.26 M	117.26 M	82.08 M	17.59 M	17.59 M
LPG (16.5¢ per gallon) / CNG (5.0¢ per gallon)	0.04 M	0.04 M	0.03 M	0.01 M	0.01 M
<b>B. Motor Vehicle Registration Fees</b>	<b>116.66 M</b>	<b>112.81 M</b>	<b>78.97 M</b>	<b>16.92 M</b>	<b>16.92 M</b>
Automobiles & Pickups	52.25 M	50.53 M	35.37 M	7.58 M	7.58 M
Heavy Trucks (Includes In-state and Out-of-state IRP fees)	53.92 M	52.14 M	36.50 M	7.82 M	7.82 M
Other Vehicles	10.48 M	10.14 M	7.10 M	1.52 M	1.52 M
<b>C. Miscellaneous Revenues</b> <sup>5</sup>	<b>37.0 M</b>	<b>36.15 M</b>	<b>31.80 M</b>	<b>2.17 M</b>	<b>2.17 M</b>
<b>D. Natural Gas Severance Tax</b> <sup>6</sup>	<b>47.68 M</b>	<b>43.73 M</b>	<b>30.61 M</b>	<b>6.56 M</b>	<b>6.56 M</b>
<b>E. Total Current Revenues</b>	<b>602.30 M</b>	<b>580.41 M</b>	<b>412.78 M</b>	<b>83.81 M</b>	<b>83.81 M</b>
<b>OTHER REVENUE SOURCES</b>					
<b>A. Highway-user Sources</b>					
Additional 1 cent Motor Fuel Tax					
1 cent motor fuel tax <sup>7</sup>	20.01 M	19.35 M	13.54 M	2.90 M	2.90 M
1 cent gasoline tax	13.96 M	13.49 M	9.45 M	2.02 M	2.02 M
1 cent diesel tax	6.05 M	5.85 M	4.10 M	0.88 M	0.88 M
Increase Registration Fees on:					
Autos and Pickups by \$10	23.20 M	22.43 M	15.70 M	3.36 M	3.36 M
In-State Trucks by \$150 (except pickups)	13.24 M	12.80 M	8.96 M	1.92 M	1.92 M
In and Out-of-State <u>Heavy</u> Trucks from \$1,350 to \$1,500 <sup>8</sup>	4.82 M	4.66 M	3.26 M	0.70 M	0.70 M
<b>Remove Sales Tax Exemption on Motor Fuels (wholesale price of \$2.75 per gallon)</b> <sup>9,10</sup>	<b>247.60 M</b>	<b>239.42 M</b>	<b>167.60 M</b>	<b>35.91 M</b>	<b>35.91 M</b>
Gasoline	172.70 M	167.00 M	116.90 M	25.05 M	25.05 M
Diesel	74.90 M	72.43 M	50.70 M	10.86 M	10.86 M
<b>Add 1% Excise Tax to Motor Fuels (wholesale price of \$2.75 per gallon)</b> <sup>9,10</sup>	<b>55.02 M</b>	<b>53.21 M</b>	<b>37.24 M</b>	<b>7.98 M</b>	<b>7.98 M</b>
Gasoline	38.38 M	37.11 M	25.98 M	5.57 M	5.57 M
Diesel	16.64 M	16.10 M	11.27 M	2.41 M	2.41 M
Transfer 4.50% Sales Tax on: <sup>10</sup>					
New Vehicles	154.89 M	149.78 M	104.84 M	22.47 M	22.47 M
Used Vehicles	93.66 M	90.57 M	63.40 M	13.59 M	13.59 M
Auto Repair, Parts, and Services <sup>11</sup>	98.73 M	95.47 M	66.83 M	14.32 M	14.32 M
Retail Tire Sales <sup>12</sup>	12.84 M	12.41 M	8.69 M	1.86 M	1.86 M
Off Road Diesel Fuel	10.20 M	9.86 M	6.90 M	1.48 M	1.48 M
<b>Add 1% Surcharge on:</b>					
New Vehicles	34.42 M	33.28 M	23.30 M	4.99 M	4.99 M
Used Vehicles	20.81 M	20.13 M	14.09 M	3.02 M	3.02 M
Auto Repair, Parts, and Services <sup>11</sup>	21.94 M	21.22 M	14.85 M	3.18 M	3.18 M
Retail Tire Sales <sup>12</sup>	2.85 M	2.76 M	1.93 M	0.41 M	0.41 M
Off Road Diesel Fuel	2.27 M	2.19 M	1.53 M	0.33 M	0.33 M
Weight Distance Tax (1 cent per mile) <sup>13</sup>	33.96 M	32.84 M	22.99 M	4.93 M	4.93 M
\$1 Battery Fee	0.58 M	0.56 M	0.39 M	0.08 M	0.08 M
\$1 Tire Fee	2.53 M	2.45 M	1.71 M	0.37 M	0.37 M
<b>B. Non Highway-user Sources</b>					
Increase General Sales and Use Tax - 1%	472.11 M	456.53 M	319.57 M	68.48 M	68.48 M
<b>Increase Income Tax - 1%</b>	<b>30.25 M</b>	<b>29.25 M</b>	<b>20.48 M</b>	<b>4.39 M</b>	<b>4.39 M</b>
Individual Income Tax	26.50 M	25.62 M	17.93 M	3.84 M	3.84 M
Corporate Income Tax	3.75 M	3.63 M	2.54 M	0.54 M	0.54 M

**NOTES**

<sup>1</sup> These amounts reflect a 3.3% deduction for the Central Services Fund. Total net amount is distributed 70% to AHTD, 15% to both Cities and Counties. Exceptions include a 1.65% deduction for Title Transfer Fees and Special Permits for the Central Services Fund, the remainder of which is retained by AHTD.

<sup>2</sup> Allocation to Cities is based on population.

<sup>3</sup> Allocation to Counties is based on formula as follows: 31% on area, 17.5% on license fees collected, 17.5% on total population, 13.5% on rural population, and 20.5% distributed equally.

<sup>4</sup> Excludes \$0.6 M of Motor Fuel Tax Refunds, \$29 M to State Aid Roads and Streets. Rate excludes underground storage tank fee of 0.3¢ per gallon.

<sup>5</sup> Includes OS/IOW Permits, Title Transfer Fees, Driver Search Fees, Interest, & Other Fees. Interest & Other Fees are distributed 70/15/15. Title Transfer Fees & Special Permits are distributed 100% to AHTD.

<sup>6</sup> Natural Gas Severance Tax Revenue for 2012. In addition to the 3.3% deduction for the Central Services Fund, Net Revenue Amount reflects a 5% deduction to hold harmless the State General Revenue Fund.

<sup>7</sup> Motor Fuel means the combined amounts for Gasoline and Diesel.

<sup>8</sup> Amounts are 2013 data for International Registration Plan (IRP).

<sup>9</sup> Assumes no change in point of collection. Price of fuel only. Does not include State and Federal taxes.

<sup>10</sup> Assumes only the General portion (4.5%) will be available to AHTD while the remainder is dedicated for special purposes.

<sup>11</sup> Automotive lubricants, batteries, parts, repairs and maintenance services.

Per George Foy, Department of Finance and Administration. (Information derived from Federal FY 2012 Trust Fund receipts as well as 2007 US Census Bureau product line data. No updates available)

<sup>12</sup>

<sup>13</sup> Based on 3.4 billion qualifying miles in 2012 (loaded miles for trucks registered over 73,280 pounds).

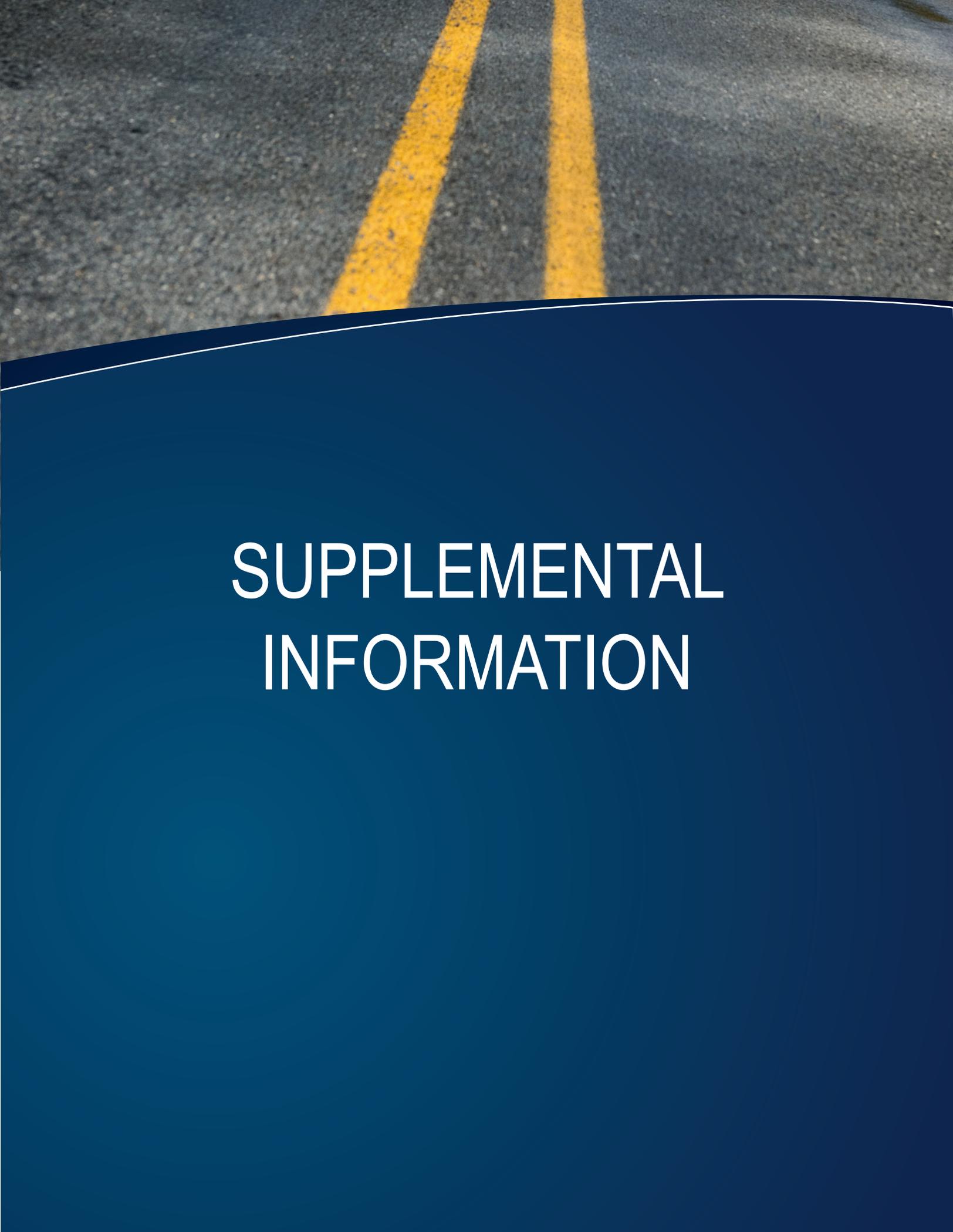
Totals may not sum due to rounding. Revised 12/2013

# Strategies to Sustain/Increase State Revenue

## \$300 million to AHTD

FUNDING SOURCE	TOTAL GROSS AMOUNT	NET TO AHTD	NET TO COUNTIES	NET TO CITIES
Transfer Sales Tax on (4.5%):				
New Vehicles	\$142.9 M	\$97.0 M	\$20.8 M	\$20.8 M
Used Vehicles	\$86.9 M	\$59.0 M	\$12.6 M	\$12.6 M
Motor Fuel Tax Increase per Gallon (11¢)	\$216.4 M	\$146.9 M	\$31.5 M	\$31.5 M
	<b>\$446.2 M</b>	<b>\$303.0 M</b>	<b>\$64.9 M</b>	<b>\$64.9 M</b>
Motor Fuel Tax Increase Per Gallon (22.7¢)	<b>\$453.4 M</b>	<b>\$307.9 M</b>	<b>\$66.0 M</b>	<b>\$66.0 M</b>
Transfer Sales Tax on (4.5%):				
New Vehicles	\$142.9 M	\$97.0 M	\$20.8 M	\$20.8 M
Used Vehicles	\$86.9 M	\$59.0 M	\$12.6 M	\$12.6 M
Additional 3.85% Sales Tax on Auto Repair, Parts, and Service	\$84.2 M	\$57.2 M	\$12.3 M	\$12.3 M
Motor Fuel Tax Increase per Gallon (9¢ - September – May) (Summer Fuel Tax Holiday)	\$138.3 M	\$93.9 M	\$20.1 M	\$20.1 M
	<b>\$452.3 M</b>	<b>\$307.1 M</b>	<b>\$83.7 M</b>	<b>\$83.7 M</b>

Totals may not add due to rounding.

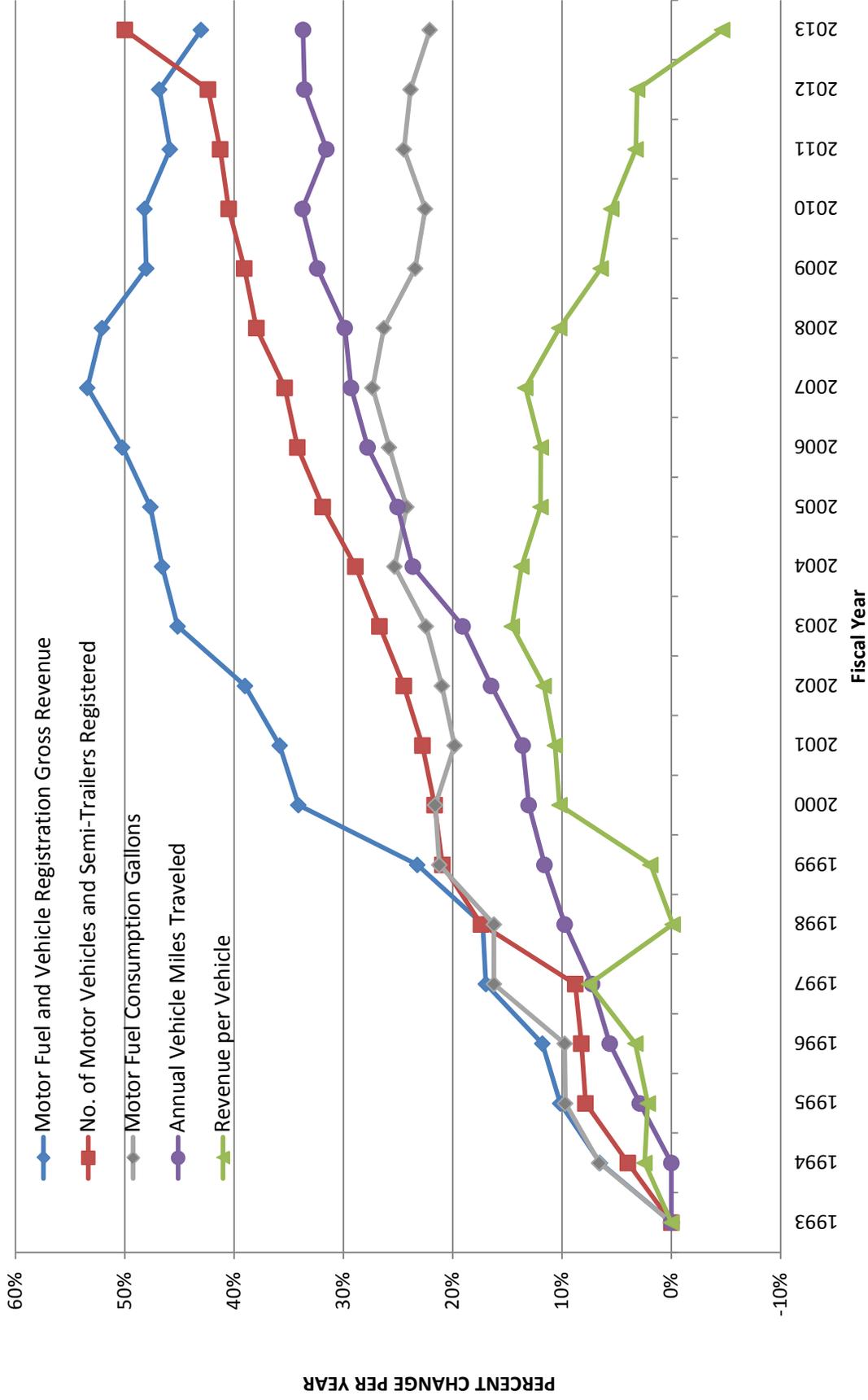


# SUPPLEMENTAL INFORMATION

# Arkansas State Highway and Transportation Department

## TRAVEL TRENDS

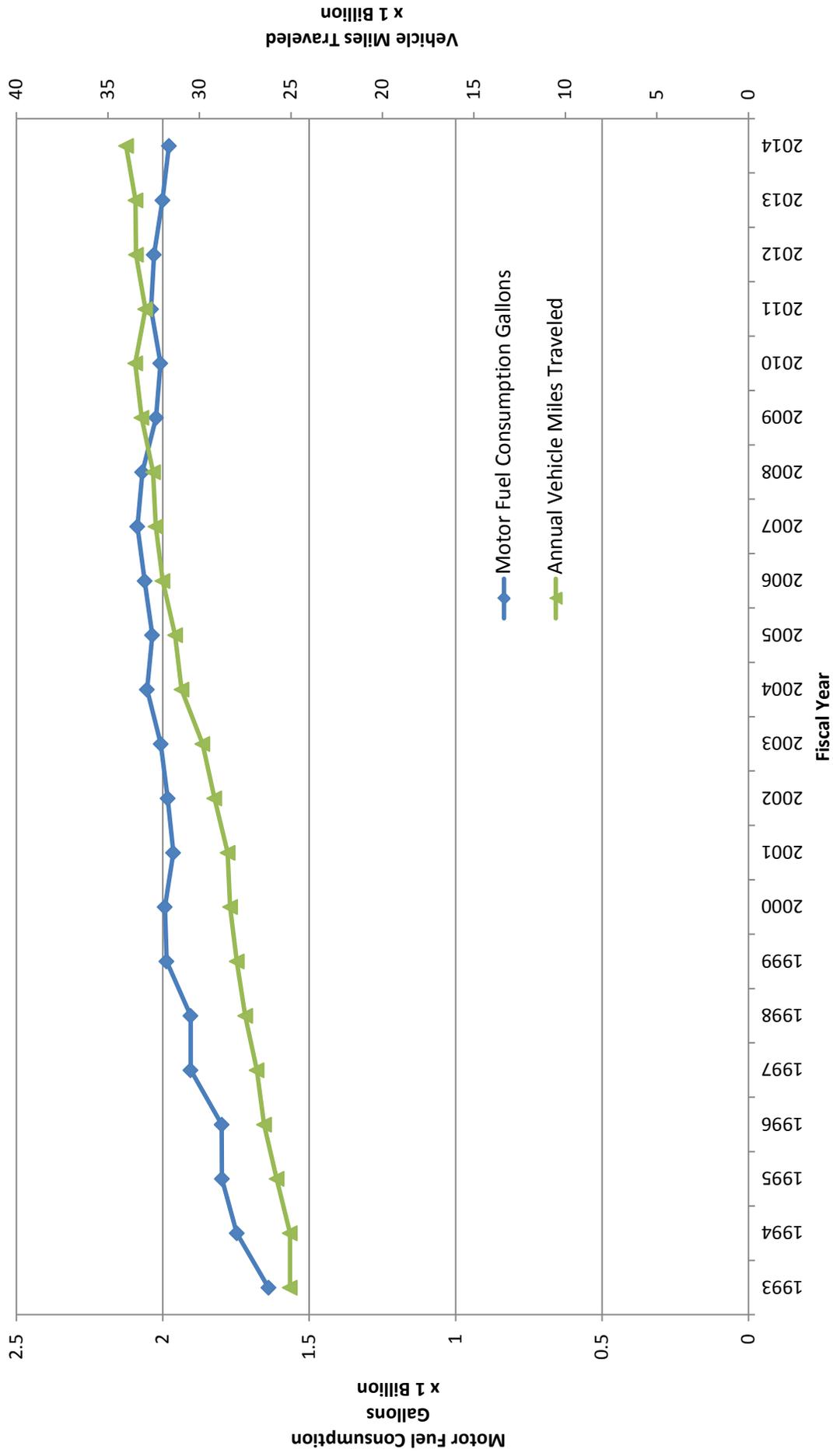
### Fiscal Years 1993 - 2014



# Arkansas State Highway and Transportation Department

## MOTOR FUEL CONSUMPTION VERSUS VEHICLE MILES TRAVELED

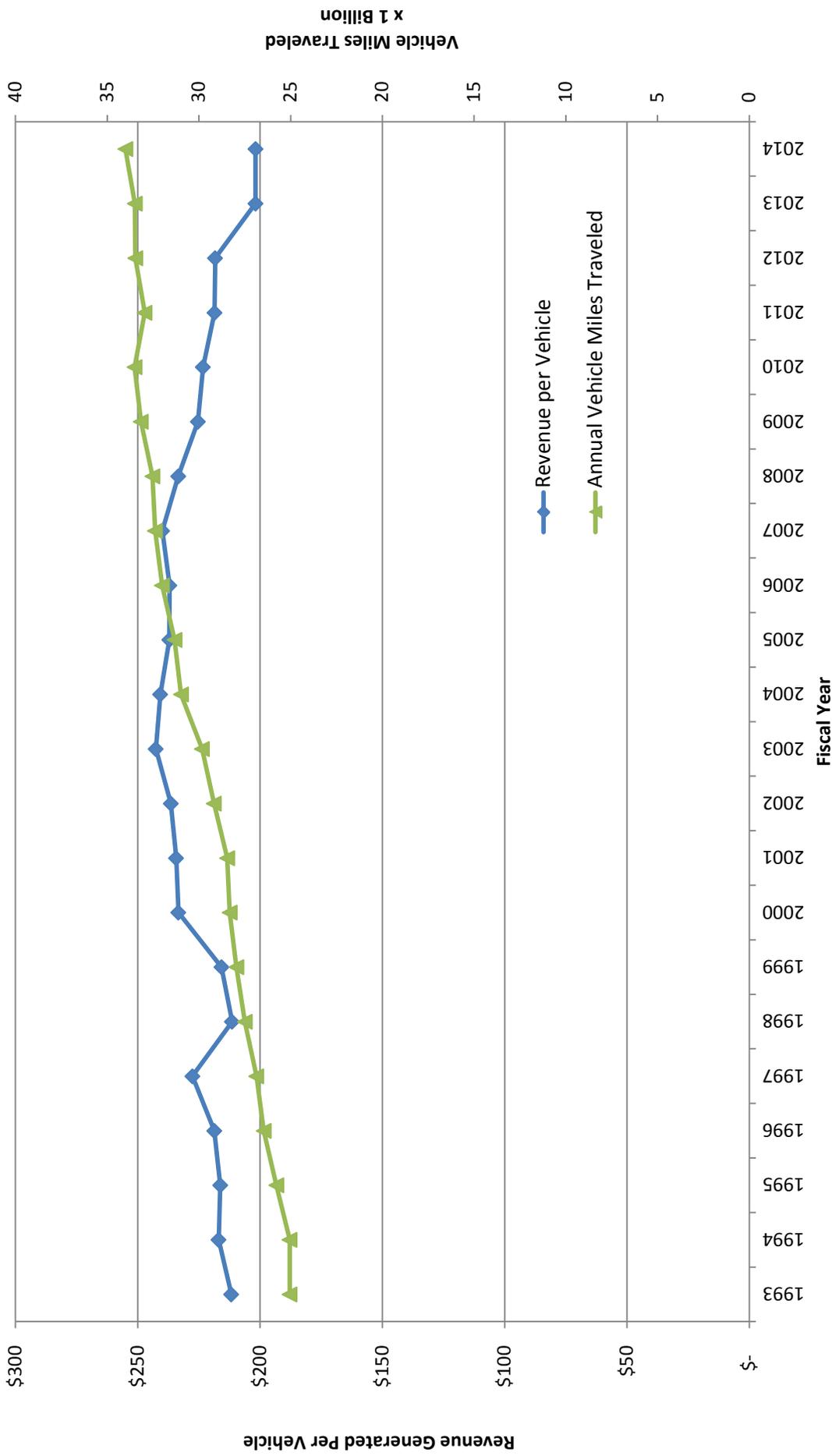
### Fiscal Years 1993 - 2014



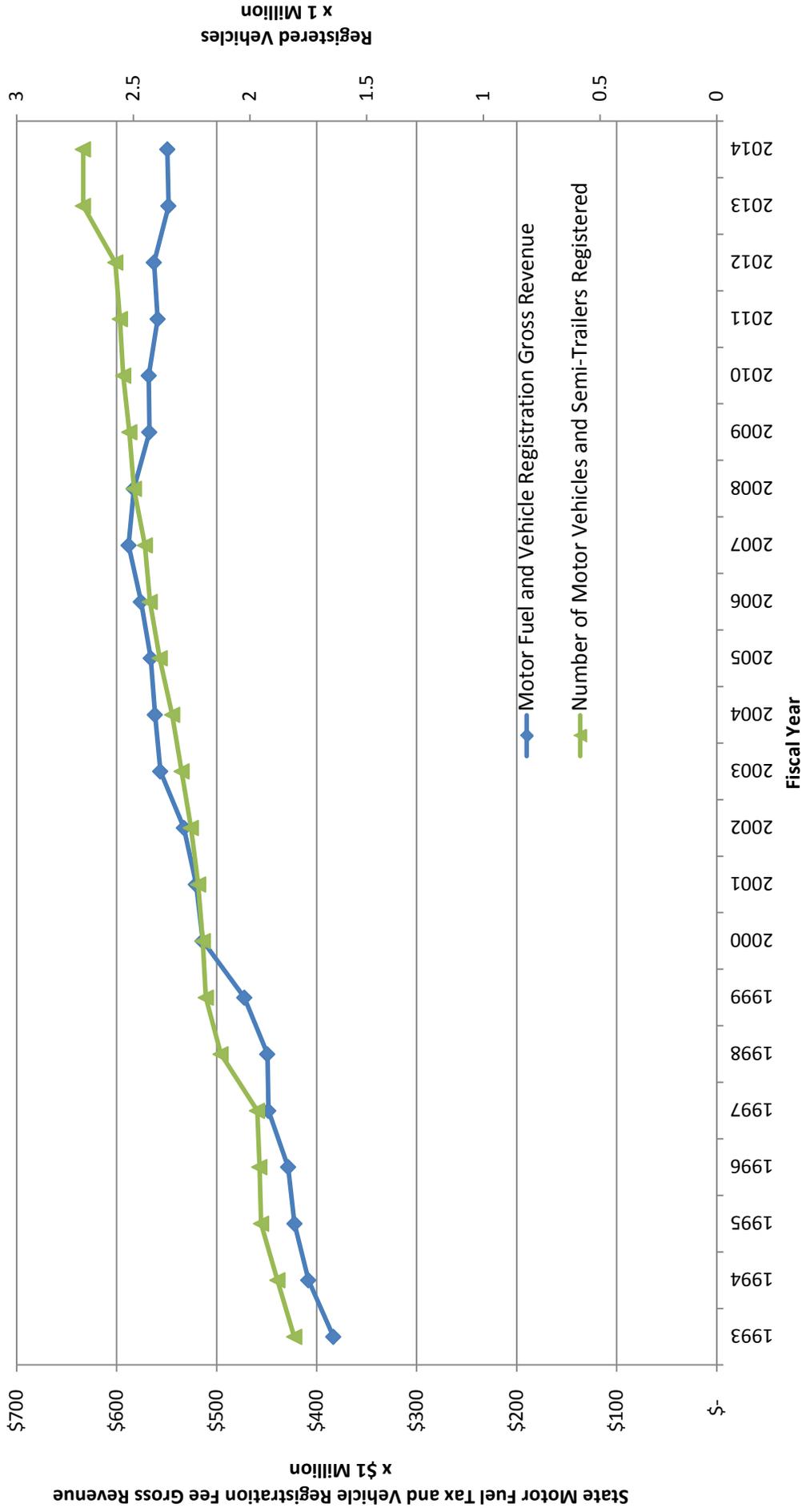
# Arkansas State Highway and Transportation Department

## REVENUE GENERATED PER VEHICLE VERSUS VEHICLE MILES TRAVELED

### Fiscal Years 1993 - 2014



**Arkansas State Highway and Transportation Department**  
**STATE MOTOR FUEL TAX AND VEHICLE REGISTRATION FEE REVENUE GENERATED**  
**VERSUS NUMBER OF REGISTERED VEHICLES**  
**Fiscal Years 1993 - 2020**







## INFORMATION FOR THE GOVERNOR'S WORKING GROUP ON HIGHWAY FUNDING

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